

**7. DEMAND MANAGEMENT INCENTIVE ALLOWANCE MECHANISM**

7.1	Identify each demand management eligible project (DMIAM) for which CitiPower seeks approval.	<b>Trial Tariff Project</b> - the purpose of this project is to trial new network tariffs from 1 July 2022 which could shift demand away from peak demand times to minimum demand times
7.2	<p>For each demand management eligible project (DMIAM) identified in the response to paragraph 7.1:</p> <p>(a) explain how it complies with project criteria detailed at section 2.2.1 of the demand management innovation allowance mechanism;</p>	<p><b>Trial Tariff Project</b></p> <p>The trial tariffs are new for the network and initiated implementation in 2021-22 to commence on 1 July 2022. These tariffs were designed to encourage demand shifting:</p> <ul style="list-style-type: none"> <li>• Daytime Saver tariff which is to encourage demand transfer to 10am-3pm when energy is free</li> <li>• HV storage tariff which discourages demand from 4-9pm</li> <li>• Community battery tariff which discourages demand from 4-9pm and rewards exports from 4-9pm and imports from 10am-3pm</li> </ul> <p>These tariffs target subgroups of customers not previously targeted:</p> <ul style="list-style-type: none"> <li>• Daytime Saver targets residential customers who don't own rooftop solar</li> <li>• HV storage tariff targets HV storage which is a new technology</li> <li>• Community battery tariff targets community batteries which are a new technology</li> </ul> <p>Since the trial tariffs are designed to either reduce peak demand or increase minimum demand, they have the potential to reduce long term network costs</p>
7.2	(b) submit a compliance report in accordance with section 2.3 of the demand management innovation allowance mechanism.	<p><b>Trial Tariff Project</b></p> <p>The trial tariffs are new for the network and initiated implementation in 2021-22 to commence on 1 July 2022. These tariffs were designed to encourage demand shifting:</p> <ul style="list-style-type: none"> <li>• Daytime Saver tariff which is to encourage demand transfer to 10am-3pm when energy is free</li> <li>• HV storage tariff which discourages demand from 4-9pm</li> <li>• Community battery tariff which discourages demand from 4-9pm and rewards exports from 4-9pm and imports from 10am-3pm</li> </ul> <p>These tariffs target subgroups of customers not previously targeted:</p> <ul style="list-style-type: none"> <li>• Daytime Saver targets residential customers who don't own rooftop solar</li> <li>• HV storage tariff targets HV storage which is a new technology</li> <li>• Community battery tariff targets community batteries which are a new technology</li> </ul>

		<p>Since the trial tariffs are designed to either reduce peak demand or increase minimum demand, they have the potential to reduce long term network costs</p> <p>The cost in 2021-22 relate to the design and implementation of the trial tariffs. Implementation of the trial tariffs was not completed by 30 June 2022 and therefore further implementation costs will be incurred in 2022-23. Additionally, any additional trial tariffs planned to be introduced from 1 July 2023 will also incur implementation costs. We anticipate a similar level of expenditure on trial tariffs in 2022-23. All trial tariffs are being designed to end on 30 June 2026.</p> <p>Once more than a year of data becomes available from customers on the trial tariffs, we will analyse the data to see if any demand response could be observed, which will then inform our tariff structure statement and regulatory proposal.</p> <p><b><u>Cost overview</u></b></p> <p>The cost of the Trial Tariff project for 2021-22 is shown below:</p> <table border="1" data-bbox="808 738 1301 868"> <thead> <tr> <th data-bbox="808 738 1093 826">Trial Tariff Project</th> <th data-bbox="1093 738 1301 826">Total DMIA</th> </tr> </thead> <tbody> <tr> <td data-bbox="808 826 1093 868">\$74,630</td> <td data-bbox="1093 826 1301 868">\$74,630</td> </tr> </tbody> </table> <p>It is estimated that the total expected cost for the tariff trial project will be \$160,000 for United Energy.</p> <p>The cost proposed for our trial tariff project is not recoverable under any other jurisdictional or other scheme and is not included in our forecast capital or operating expenditure approved for the 2021–2026 regulatory period.</p> <p>The total amount of DMIA spent for 2021-22 year by United Energy for the abovementioned project was \$74,630.</p>	Trial Tariff Project	Total DMIA	\$74,630	\$74,630
Trial Tariff Project	Total DMIA					
\$74,630	\$74,630					
7.3	Provide an overview of developments in relation to projects or programs completed in previous years of the regulatory control period, and of any results to date.	Trial Tariff project was not initiated in previous years of the regulatory control period.				
7.4	Provide any other required information as specified by the demand management innovation allowance mechanism	Not applicable.				